

Attachment A
SBC Finance Operations

FCC Docket No. 96-128
Reseller Report & Order

SBC Audit Assertions – Payphone Per Call Compensation (PCC) Processes

Management of SBC Companies asserts that:

The FCC's Report and Order of October 3, 2003 (CC Docket No. 96-128) in the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, provides that Completing Carriers perform an independent third-party audit of the SBC call tracking system that supports the payphone compensation payments. The order requires all switch-based resellers ("SBRs") to establish their own call tracking system and have a third party attest that the system accurately tracks calls to completion. Based on the Provision, SBC represents the following:

SBC GENERAL ASSERTIONS

1. The AMA/EMR /EMI records are correct.
2. The new quarterly report is limited to 8YY access numbers dialed from payphones in SBC territory and call volumes related to completed 8YY access calls by 8YY number.
3. SBC accurately pays PSPs per call compensation.
4. Quarterly ANI verification reports and processes are outside the scope of this audit.
5. The audit will include all 4 SBC Regions (Midwest, Southwest, West & Connecticut).
6. This audit does not represent nor include processes relative to the LEC's long distance operations and/or SBCLD.
7. The SBC Finance Operations data retention standard of retaining all payphone data a minimum of two (2) years is adhered to relative to ANI identification, call detail records, and payment of PCC.
8. The SBC Finance Operations AMA "conversion" to call detail results in a standardized record across all SBC Regions.

FCC Order APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits

1. SBC has procedures in place to accurately track payphone calls to completion;
2. SBC has assigned a specific person or persons responsibility for tracking, compensating, and resolving disputes concerning payphone completed calls;
3. SBC has effective data monitoring procedures in place;

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4. SBC adheres to established protocols to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking ability;
5. SBC has created a compensable payphone call file by matching call detail records against payphone identifiers;
6. SBC has procedures in place that incorporate payphone call data into required reports;
7. SBC has implemented procedures and controls needed to resolve disputes;
8. SBC has implemented critical controls and procedures to verify payphone compensation errors are insubstantial; and,
9. SBC has implemented adequate and effective business rules to identify and pay correctly on compensable payphone calls.

The following describes the criteria for the terms “procedures”, “assigned”, “effective data monitoring procedures”, “established protocols”, “payphone identifiers”, “report procedures”, “procedures and controls”, “critical controls and procedures”, and “business rules.”

In #1 above, SBC Management asserts that SBC Finance Operations has “procedures” in place to accurately track payphone calls necessary for accurate determination of PCC payment to completion. As it relates to this assertion, “procedures” will be defined according to the following:

- SBC Finance Operations has developed, documented, and implemented procedures and processes to identify the ANIs that are payphone ANIs by Class of Service USOC and other payphone identifiers as required.
- The SBC Finance Operations processes identify and capture payphone call detail for completed calls for payphone calls originating in SBC territory.
- The SBC Finance Operations processes utilize established Telecommunications industry standards (Telcordia), including format, call codes, structure codes and data fields, to determine completed payphone calls.
- The SBC Finance Operations processes also will identify complete from not complete, and compensable from not compensable calls related to payment of PCC for toll free calls.

In #2 above, SBC Finance Management asserts that the “Finance Operations Team” has “assigned” and managed responsibility for identifying, processing, compensating, and resolving ANI and PCC disputes concerning payphone originated and completed calls for the

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purpose of compensation as it relates to this order. As it relates to this assertion, “assigned” will be defined according to the following:

- The Finance Operations Team ensures accurate and timely identification, processing, payment and dispute resolution of payphone originated and completed calls by utilizing a pool of experienced payphone business and technical process specialists.
- The Finance Operations Associate Director is the Team Manager and is responsible for assigning the appropriate Team resources to execute various functional PCC processes.

In #3 above, SBC Management asserts that SBC Finance Operations has “effective payphone data monitoring procedures” in place to support error management. As it relates to this assertion, “effective data monitoring procedures” will be defined according to the following:

- SBC Finance Operations has documented procedures for monitoring payphone data in the call tracking processes.
- SBC Finance Operations’ procedures include the identification of errors and anomalies in the data in order to maintain an insubstantial error rate.
- SBC Finance Operations’ procedures incorporate resolution of errors and anomalies in the data in order to maintain an insubstantial error rate.
- SBC Finance Operations performs fraud monitoring activities to identify questionable calling activity and to identify appropriate payments to be withheld until validated as non-fraudulent in order to ensure appropriate PCC payment.

In #4 above, SBC Management asserts that SBC Finance Operations adheres to “established SBC protocols” in support of change management to ensure that any software, personnel, or network changes do not adversely affect its payphone call tracking processes. As it relates to this assertion, “established protocols” will be defined according to the following:

- SBC Finance Operations has integrated our organization into the SBC Billing/IT change management communication process and is the responsible organization to be notified of any impacts to the feeds, jobs or other data sources that contribute to the data used for PCC call tracking (e.g. - NPA Splits).
- SBC Finance Operations has established and documented a set of processes and controls and quality check reports related to PCC data capture and processing to ensure no adverse impact will be realized as a result of any SBC software and network changes as they apply to PCC.

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- SBC Finance Operations attends functional area change control meetings that are held as part of any system or software change, in order to determine and address any impacts to the Finance Operations PCC processes.
- SBC monitors software quality specific to Finance Operations PCC by random test sampling of the data outputs used to determine and pay PCC.

In #5 above, SBC Management asserts that SBC Finance Operations has created call detail datasets and ANI-ownership archived data (aka PSP Data Warehouse) that are limited to payphone call detail records originated from payphones.

- SBC Finance Operations personnel create the appropriate bill feeds and supporting PCC reports by matching call detail records against pre identified ANIs. These ANIs are identified based on their class of service.¹ Payphone classes of service are unique.

In #6 above, SBC Management asserts that SBC Finance Operations has “procedures” in place to identify, capture and incorporate payphone call data into required reports that are to be implemented as required in the October 3, 2003, FCC Order. As it relates to this assertion, “procedures” will be defined according to the following:

- SBC Finance Operations will create a Payphone PCC report for distribution to Payphone Service Providers based on archived data of compensation paid, identity (bill name) of PSP paid, 8YY (SBC carried) dialed, and 8YY calls compensated.
- SBC Finance Operations will verify handling of appropriate PCC report distribution by Customer Care processes, including notification letters, PSP response logs, and delivery option specified.

In #7 above, SBC Management asserts that SBC Finance Operations has implemented “procedures and controls” needed to resolve ANI and PCC disputes. As it relates to this assertion, “procedures and controls” will be defined according to the following:

- SBC Finance Operations has developed, documented and implemented the processes to record, investigate and resolve PCC disputes with Payphone Service Providers.
- SBC Finance Operations logs all PCC disputes in accordance with internal tracking and response processes.
- The SBC Finance Operations dispute resolution processes include receipt, investigation and resolution of PSP claims for non-completed (e.g.-attempts) or compensable calls, including calls originated in another LEC’s territory and terminating in SBC territory.

¹ Retail and resale ANIs have unique classes of service. UNE-P ANIs have FIDs or other indicators.

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In #8 above, SBC Management asserts that SBC Finance Operations has implemented “critical controls and procedures”, in addition to error management and change management, to verify that PCC has been paid accurately and in a timely manner. As it relates to this assertion, “Critical controls and procedures” will be defined according to the following:

- SBC Finance Operations conducts controlled random sampling of AMA/EMR/EMI records for comparison to payphone data collected and archived for determination and payment of PCC.
- SBC Finance Operations conducts analysis of payment error correction and exception reports in order to verify that payment errors are insubstantial. This includes samples of actual PSP bills that indicate PCC paid as credits on the bill.

In #9 above, SBC Management asserts that SBC Finance Operations has implemented “business rules” to identify payphone calls that are eligible for PCC payment. As it relates to this assertion, “business rules” will be defined according to the following:

- Calls originated from payphones in SBC territory are identified based on payphone class of service associated with the ANI.
- Compensable payphone calls are identified based on appropriate SBC regional Carrier identification and completion indicator.
- Incomplete payphone calls are identified and retained in support of potential dispute resolution.
- PCC is paid to the PSP who owned the line/phone at the date and time of the call.

FCC Order APPENDIX C – FINAL RULES, Section 64.1320 Payphone Call Tracking System Audits., Paragraph (d)(1)

“(d) Consistent with standards established by the American Institute of Certified Public Accountants for attestation engagements, the System Audit Report shall consist of: (1) the Completing Carrier’s representation concerning its compliance; and (2) the independent auditor's opinion concerning the Completing Carrier’s representation of compliance.

The Completing Carrier’s representation must disclose (i) its criteria for identifying calls originating from payphones; (ii) its criteria for identifying compensable payphone calls; (iii) its criteria for identifying incomplete or otherwise noncompensable calls; (iv) its criteria used to determine the identities of the payphone service providers to which

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the completing carrier owes compensation; (v) the identity of any clearinghouses the Completing Carrier uses; and (vi) the types of information that the Completing Carrier needs from the payphone service providers in order to compensate them.”

SBC, as the Completing Carrier, represents that it will disclose the following as required in Paragraph (d) above:

- (i) its criteria for identifying calls originating from payphones;
- (ii) its criteria for identifying compensable payphone calls;
- (iii) its criteria for identifying incomplete or otherwise noncompensable calls;
- (iv) its criteria used to determine the identities of the payphone service providers to which the completing carrier owes compensation;
- (v) the identity of any clearinghouses the Completing Carrier uses;
- (vi) the types of information that the Completing Carrier needs from the payphone service providers in order to compensate them.

In (i), SBC Management asserts that SBC Finance Operations has implemented business and technical processes necessary to identify calls originating from payphones as asserted in Paragraph C, item #9 above as well as in business process documents.

In (ii), SBC Management asserts that SBC Finance Operations has implemented business and technical processes necessary to identify compensable payphone calls as asserted in item #9 above as well as in business process documents.

In (iii), SBC Management asserts that SBC Finance Operations has implemented business and technical processes necessary to identify noncompensable and incomplete payphone calls as asserted in item #1 above. Specifically, completion indicators are utilized to determine completed from non-completed, type of call (call code and terminating number) is utilized to determine toll free, and carrier identification is used to determine if a call is eligible for compensation. Other business rules such as exclusions for TDD and auto dialers are outlined in SBC Business process documents.

In (iv), SBC Management asserts that SBC Finance Operations has implemented business and technical processes necessary to identify the PSPs to which PCC is to be paid as asserted in items #1 #5, and #9 above.

In (v), SBC Management asserts that SBC (the LEC) and SBC Finance Operations does not pay PCC to any clearinghouse on behalf of any PSPs.

In (vi), SBC Management asserts that SBC and SBC Finance Operations, as related to the processing and payment of PCC (on retail or resale accounts), does not require any information or request for payment from PSPs. However, SBC asserts that the Finance Operations dispute resolution process does require the PSP to present with their request for compensation, the quarter(s) in question with bill names and ANIs to be investigated relative

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to PCC payment(s). In addition, based on agreements, certain CLECs/PSPs may be required to submit ANI lists should the payphone be behind a CLEC. (Also as asserted in Item #2 above)